

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-08 FRB-03 TRSE-00

XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 MCT-01 HA-05

STR-05 CEA-01 /100 W

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FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 4819

INFO AMEMBASSY CARACAS

USSOUTHCOM

AMCONSUL BARRANQUILLA POUCH

AMCONSUL CALI POUCH

AMCONSUL MEDELLIN POUCH

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E.O. 11652: N/A

TAGS: ELAB, ECON, PGOV, PINS, PINT, CO

SUBJECT: THE WEEK IN COLOMBIA

1. SUMMARY. THE LABOR CONFEDERATIONS SCHEDULED NATIONWIDE DEMONSTRATIONS AGAINST GOVERNMENT LABOR POLICIES, WITH POLITICAL ISSUES BEING DEEMPHASIZED. THE FULL HOUSE APPROVED THE ADMINISTRATION-BACKED BILL FOR A CONSTITUENT ASSEMBLY; HOWEVER, CONSERVATIVE FACTIONS, LLERISTAS (LIBERALS), AND LEFTIST FACTIONS JOINED TO OPPOSE THE MEASURE, CLAIMING THAT PROPER PARLIAMENTARY PROCEDURES WERE NOT FOLLOWED DURING THE VOTING ON THE BILL. CONGRESS PASSED THE 1978 BUDGET, WHICH REFLECTS A SIGNIFICANT INCREASE OVER THAT OF LAST YEAR. DATA RELEASED THIS WEEK INDICATED SLOW ECONOMIC GROWTH LAST YEAR AND A WEAKENING OF DIRECT TAX REVENUES. THE DISCOUNT ON CERTIFICATES OF EXCHANGE WAS REDUCED, WHICH MAY INDICATE A GRADUAL MOVE TO ELIMINATE THE DUAL EXCHANGE RATE. THE MINISTER OF GOVERNMENT PUSHED FOR A NEW ELECTORAL LAW, WHICH

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MAY RESULT IN THE CALLING OF A SPECIAL SESSION FOR CONGRESS. A BOMB DAMAGED A RADIO STATION NEAR A HOTEL WHERE PRESIDENT LOPEZ WAS VACATIONING. END SUMMARY.

2. DEMONSTRATIONS SET FOR NOVEMBER 18. COLOMBIA'S FOUR LABOR CONFEDERATIONS, UNDER THE COORDINATION OF THE NATIONAL TRADE UNION COUNCIL, COMPLETED PLANS TO STAGE THEIR FIRST LARGE SCALE DEMON-

STRATIONS SINCE THE SEPTEMBER 14 GENERAL STRIKE AGAINST GOC LABOR POLICIES. THESE DEMONSTRATIONS ARE SCHEDULED TO TAKE PLACE NOVEMBER 18 IN ALL THE MAJOR CITIES, AND WILL INCLUDE A NUMBER OF ANTI-GOVERNMENT FORCES. ACCORDING TO DEMOCRATIC UNION OFFICIALS, EVERY EFFORT HAS BEEN MADE TO CONTROL THESE EVENTS, INCLUDING CAREFUL SCRUTINY OF BANNERS AND PLACARDS TO ELIMINATE THOSE WITH OBVIOUS POLITICAL THEMES. SPEAKERS FROM ALL FOUR CONFEDERATIONS WILL ADDRESS THE DEMONSTRATORS, AND ARE TO LIMIT THEIR SPEECHES TO THE BASIC THEMES, I.E., DEMANDS FOR WAGE INCREASES, RELEASE OF THOSE DETAINED ON SEPTEMBER 14, AND THE RESIGNATION OF THE LABOR

MINISTER. A SUGGESTION TO USE THESE MEETINGS AS A MEANS OF TAKING A VOTE ON ANOTHER GENERAL STRIKE APPEARS TO HAVE BEEN REJECTED. SEVERAL UNION OFFICIALS DISPLAYED COMPLETE LACK OF KNOWLEDGE OF ANY SUCH POSSIBILITY AND REITERATED THAT THERE IS NO SERIOUS THOUGHT BEING GIVEN TO ANOTHER GENERAL STRIKE, ALTHOUGH SOME PUBLIC THREATS TO THIS EFFECT ARE MADE IN AN EFFORT TO KEEP PRESSURE ON THE GOC. THE GOVERNMENT IS REPORTEDLY BETTER PREPARED THAN ON SEPTEMBER 14 TO MEET ANY POSSIBLE OUTBREAK OF VIOLENCE, WITH SECURITY FORCES VERY EVIDENT IN BOGOTA. BASED ON HIS SHOW OF FORCE AND THE STATED DESIRE OF THE UNIONS TO AVOID ANY CONFLICT, WE EXPECT THESE DEMONSTRATIONS TO BE RELATIVELY PEACEFUL.

3. CONFLICT OVER CONSTITUENT ASSEMBLY CONTINUES. ALTHOUGH PASSED BEFORE THE FULL HOUSE (SEE BOGOTA 10541), THE ADMINISTRATION-SUPPORTED BILL PROVIDING FOR A CONSTITUENT ASSEMBLY REMAINS IN LIMITED OFFICIAL USE

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DOUBT. MEMBERS OF THE CONSERVATIVE PARTY'S OSPINA-PASTRANA FACTION, ALLIED WITH THE LIBERALS' LLERISTA WING AND LEFTIST PARTIES, THREATENED TO FILE SUIT TO PREVENT THE BILL'S IMPLEMENTATION. THE DISSIDENT GROUPS MAINTAIN THAT PROPER PARLIAMENTARY PROCEDURE WAS NOT FOLLOWED IN VOTING ON THE LEGISLATION, AS WELL AS IN APPROVING THE NATIONAL BUDGET (SEE BELOW). PENDING JUDICIAL CLARIFICATION OF THE MATTER, THE CONSTITUENT ASSEMBLY BILL GOES TO THE HOUSE BUDGET COMMITTEE, WHICH IS EXPECTED TO APPROVE IT AND SEND IT BACK TO THE FULL HOUSE FOR A FINAL VOTE.

4. 1978 BUDGET APPROVED. AFTER A LONG DEBATE THE COLOMBIAN CONGRESS APPROVED THE 1978 BUDGET OF 86.6 BILLION PESOS, A 38 PERCENT INCREASE OVER THE 1977 BUDGET. EXPENDITURES WILL INCREASE BY 40 PERCENT AND INVESTMENT BY 36.3 PERCENT. THE REASON FOR THE DEBATE WAS IN PART THE ADDITION OF 900 MILLION PESOS BY THE CONGRESS FOR REGIONAL ASSISTANCE WHICH IS A FORM OF PERSONAL PORK BARREL FOR CONGRESSMEN.

5. THE ECONOMY. NATIONAL INCOME ACCOUNTS FOR 1976 BECAME AVAILABLE THIS WEEK SHOWING SLOW, ONLY 4.5 PERCENT, GROWTH LAST YEAR. FISCAL DATA FOR SEPTEMBER ALSO BECAME AVAILABLE INDICATING A WEAKENING OF DIRECT TAX REVENUES. THE SITUATION WILL REQUIRE, WITHIN THE NEXT

SEVERAL YEARS, ANOTHER TAX REFORM OR STRICT TAX LAW ENFORCEMENT; OTHERWISE, A SERIOUS FISCAL PROBLEM WILL AGAIN BECOME A CHRONIC FEATURE OF THE COLOMBIAN ECONOMY.

6. CERTIFICATES OF EXCHANGE MODIFIED. THE DISCOUNT ON CERTIFICATES OF EXCHANGE FOR COFFEE AND SERVICE EARNINGS WAS REDUCED FROM 15 TO 10 PERCENT, AND THE AMOUNT OF PRIOR IMPORT DEPOSITS WHICH MAY BE PAID IN CERTIFICATES OF EXCHANGE WAS RAISED. THESE MODIFICATIONS WILL RECUE THE YIELD ON CERTIFICATES AND MAY BE THE BEGINNING OF A MOVE TO GRADUALLY ELIMINATE THE DUAL EXCHANGE RATE THAT HAS SERIOUSLY DISTORTED FINANCIAL MARKETS. THIS IS THE FIRST POLICY MOVE TAKEN BY THE NEW FINANCE MINISTER, AND IT IS CONSIDERED WISE AND NECESSARY BY ALL CONCERNED.

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7. NEW ELECTORAL LAW PROPOSED. THE MINISTER OF GOVERNMENT CALLED FOR A MEETING OF POLITICAL LEADERS TO REACH AN AGREEMENT ON A NEW ELECTORAL LAW. IF A CONSENSUS IS REACHED, THE GOVERNMENT WILL CONVENE CONGRESS FOR A SPECIAL SESSION. THE SUPREME COURT, WHICH DECLARED THE ELECTORAL LAW OF 1977 UNCONSTITUTIONAL (BOGOTA 01304), HAS ALSO DECLARED THAT ALL ACTIONS UNDER THE LAW PRIOR TO ITS BEING DECLARED UNCONSTITUTIONAL ARE VALID.

8. PUBLIC ORDER. THE SOVIET-LINE REVOLUTIONARY ARMED FORCES OF COLOMBIA (FARC) CONDUCTED RAIDS ON SMALL TOWNS IN ANTIOQUIA AND CAUCA DEPARTMENTS, SACKING STORES AND HARRANGING THE INHABITANTS BEFORE FLEEING TO THEIR MOUNTAIN SANCTUARY. THE NATIONAL LIBERATION ARMY (ELN) CLAIMED CREDIT FOR THE KIDNAPPING OF A WEALTHY LANDOWNER IN VALLE DEL CAUCA AND WAS APPARENTLY RESPONSIBLE FOR THE ROBBERY OF A SUPERMARKET IN PEREIRA WHICH NETTED AN ESTIMATED FIVE HUNDRES THOUSAND PESOS. A BUSINESSMAN WAS KIDNAPPED IN BOGOTA, APPARENTLY BY A CRIMINAL GANG. IN POPAYAN, A POWERFUL BOMB DAMAGED A RADIO STATION A SHORT DISTANCE FROM THE HOTEL WHERE PRESIDENT LOPEZ WAS VACATIONING.
DREXLER

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